



**POLICY SPEECH DURING TABLING OF THE 2020/2021 mSCOA
BUDGET AND INTEGRATED DEVELOPMENT PLAN BY HIS
WORSHIP THE MAYOR OF MANDENI MUNICIPALITY, CLLR. T.P
MDLALOSE THROUGH ZOOM AT A COUNCIL MEETING HELD ON
THE 17TH OF JUNE 2020.**

Honourable Speaker: Cllr B.L. Magwaza

Amakhosi Present: Inkosi Mathosi

Inkosi Mathaba

Inkosi Mhlongo

Inkosi Ngcobo

Honourable Deputy Mayor: Cllr P.M. Sishi

Executive Committee members Present

Chairpersons of Women's Caucus and MPAC

Fellow Councillors,

The Municipal Manager, Mr SG Khuzwayo;

Senior Management and General Staff at Large

Ward Committees and Amalunga onke omphakathi waseMandeni

Various Sectors (Government, Business, FBO, NPOs, NGOs and Civil Society)

Members of the Media Present

Friends and Comrades in the Social media: We just love Mandeni, YouTube, Instagram etc.

Executive Committee

Cllr. TP Mdlalose (Mayor) | Cllr. PM Sishi (Deputy Mayor) | Cllr. BL Magwaza (Speaker) | Ex Officio Mr S Khuzwayo (Municipal Manager)
Cllr. NF Ntuli | Cllr. LR Mdletshe | Cllr. ST Magwaza | Cllr. MS Mdunge | Cllr. M Shelembe

Honourable Speaker and Council

As a nation under the Leadership of His Excellence President Ramaphosa we have been forced to take aggressive action against an invisible enemy that threatened our lives and the lives of our loved ones due the Global Pandemic Covid -19 or Corona virus.

On behalf of the Council of Mandeni, I would like to express words of thanks or gratitude to the Leadership demonstrated by the Hon Premier of KwaZulu Natal Mr Sihle Zikalala and his Executives in dealing with this pandemic, the Essential Services staff from various levels of government who have been at the coal front of fighting Covid-19, Amakhosi Asendlunkulu, both Mandeni and Ilembe District Command Councils and Community at large for demonstrating great courage, responsibility, resilience and sacrifice or selflessness during this painful period of lockdown in our history. Of course, the role played by our Social Partners has been very significant in ensuring that we all work side by side in the upliftment of our society during this testing period.

Had it not been the commitment of our people, our leaders, officials, health workers, law enforcement personnel, Covid-19 infections would not have been kept low within our municipality even though our district have soared to uncontrollable margins. While our District is considered as epicentre of Covid-19 Provincially and Nationally, it is very encouraging though that over 70% of reported case have recovered but this shall not bring any element of complacency, we still have to do whatever it takes to save ourselves from this pandemic.

It remains crucial that our approaches are based on Covid-19 safety protocols such as the principles of social distancing, restriction of movement and stringent basic hygiene practices. The public is still encouraged to stay at home even under Alert Level 3 of the lockdown, other than for essential personal movement, and people going to work.

Ultimately, it is our own actions, as individuals, that will determine how quickly the virus spreads.

We can prevent the spread of coronavirus by doing a few simple things:

- Wash our hands frequently with soap and water or use a 70% alcohol-based sanitiser.
- Keep a distance of more than one metre between yourself and the next person, especially those who are coughing and sneezing.
- Try not to touch your mouth, nose and eyes because your hands may have touched the coronavirus on surfaces.
- When you cough or sneeze cover your mouth and nose with your bent elbow or a tissue, and dispose of the tissue right away.
- The lockdown restrictions require all Community members to wear a face mask whenever you leave home.

Hon Speaker, sibhekene nesikhathi esinzima lapho ukuhlukunyezwa nokubulawa kwabesifazane kunyuke ngezanga eliphezulu, kuyasiphoxa thina madoda lokhu kumele kukhuzwe ndawozonke, sivusele ubuntu kanye nenhlonipho esizweni. Kuyavela futhi, ukuthi izehlakalo ezinjena zihambisana nokusetshenziswa kwezidakamizwa kanye nophuzo oludakisayo olusetshenziswa ngendlela engalawuleki, siyanxusa ukuthi siwumphakathi waseMandeni sibambisane sonke silwe nalesisihlava esembi.

Hon Speaker, we have noted progress made on schools-reopening (Matric and Grade 7s) after the lockdown where the Provincial Legislature in playing its role on monitoring schools functioning visited various schools in Mandeni on 9 and 10 June 2020. According to the report from the Department of Education, steady progress has been made in ensuring that learning is taking place within safe environment with certain schools especially within Gingindlovu Circuit still not able to commence with teaching and learning activities due to a number of challenges that are still being attended to. At our last Local Command Council meeting held on 15 June 2020, we learnt with dismay that most of the schools have been vandalised during lockdown, food for children stolen, water tanks provided at schools also stolen. Siyanxusa kumphakathi ukuthi sivikele izakhiwo zezikole ezisemphakathini wethu kanye nazo zonke izakhiwo zikahulumeni ngoba zakhelwe ukulekelela thina ukuthuthukisa izimpilo zethu.

Hon Speaker and Council, let me take this opportunity to acknowledge and appreciate the role played by the Youth of South Africa in shaping the path towards democracy, hence the month of June in South Africa is celebrated as a Youth month. We are very much aware that the Youth of today is now faced by different challenges to the Youth that fought for democracy, it is very imperative that we pay more focus on initiatives and programmes that will uplift our Youth. The municipality had planned to implement a number of Youth Programmes during the 2019/20 Financial Year and most of them having been affected by the Lockdown as a result of Covid-19, however the municipality is taking advantage of the 4th Industrial Revolution hence the programmes to be presented in details during the address of Youth. Let me wish all the Youth of Mandeni well during this month of June 2020 and say “Youth Power: Growing South Africa together in the period of Covid-19”.

Hon Speaker, while the arrival of Corona virus has brought lot of negativities in our lives, we shall not loose cite of the new opportunities it has brought in our lives and we shall take full advantage of.

Of course, life will never be the same again hence the Council meeting today on Tabling of the Final IDP and Budget for 2020/21 is held through virtual.

Given the prevailing circumstances, our municipality has introduced some form of debt relief and several vital measures to support our households, workers, and companies in a form of economic and social relief programmes including help desk for support of SMMEs to access funding to help save their business, and jobs.

We have considered the National Treasury advice not to make assumptions about the ability of consumers to pay under these circumstances and prematurely grant relief measures as this is not supported by the National Treasury. We will therefore further assess the merits of each case. Any relief provided must be equitable, transparent and justifiable to all our citizens.

We are grateful to the business fraternity of Mandeni and iLembe District for their continued commitment to contribute in mitigating impact of Corona Virus in our communities especially to poor households. It is thought disturbing that some other businesses are continuing to exploit employees in various forms, and we are engaging with various stakeholders in fighting this and to that effect, we are facilitating a process that an office of the Department of Employment and Labour be established within Isithebe Industrial Estate.

Mr Speaker, it is with great pleasure for me to address this Council sitting on the important meeting of tabling the Annual Budget for 2020/2021 Medium Term Revenue and Expenditure Framework (MTREF) as well as the Final Integrated Development Plan for 2020/2021 financial year.

Over the past year, the South African economic growth has been weaker than forecasted. The 2020 budget highlighted by the Minister of Finance present the difficult economic and fiscal choices confronting government over the next several years.

The declining economic growth which might be impacted on further by the Corona virus pandemic and international companies closing as a result, the deteriorating state of the finances for state-owned entities, continued high unemployment and water and electricity shortages will put pressure on the ability of municipalities to raise revenue.

Further, the Rating Agency Moody's has cut South Africa's sovereign credit rating to sub-investment grade, meaning the country now has a junk rating from all three major international rating agencies. The downgrade came in March 2020 on the very same day that South Africa entered a 21-day national lockdown (level 5) in an effort to slow the spread of the coronavirus pandemic.

In terms of Section 16(2) of the Municipal Finance Management Act (MFMA) and Section 34 of the Municipal Systems Act, I present before Council the 2020/21 Annual Budget and Integrated Development Plan for Mandeni Municipality MTREF for the consideration and approval by Council

Due to the COVID-19 outbreak in South Africa, the National Government of Corporative Governance and Traditional Affairs developed regulations that have restrain the Municipalities in conducting contact public meetings and community gatherings to avoid the spread of the virus, thus Mandeni municipality consulted the public on the 2020/21 Draft IDP and Budget through digital platforms in May and June 2020.

The digital and media engagements on the Draft 2020/2021 IDP and Budget occurred as follows:

DATE	MEDIA
29 May 2020	1KZNTV
01 June 2020	ICORA FM
04 June 2020	SIYATHUTHUKA FM
29 May 2020- 04 June 2020	Facebook: We just love Mandeni Mandeni Local Municipality Page
03 June 2020	Mandeni Mini advert News

The process of integrated development planning strives to systematically and transparently find acceptable solutions within given time frames regarding allocating resources to service delivery.

The municipality in compliance with Section 16(1) of the Municipal Systems Act, 32 of 2000 as amended, ensured the involvement of Communities in the process through formal engagements in the Representative Forums and ward-based community engagements to solicit their submissions or inputs in terms of areas the municipal plan (IDP) should take into consideration to meet such developmental needs.

To this end, the 2020/2021 IDP therefore contains issues that emanate from the public participation processes held in October 2019 and in May 2020.

This IDP review undertook a comprehensive review and analysis of the Mandeni Municipality and specifically highlighted economic and infrastructural backlogs, together with the developmental challenges with which the Municipality is faced. These served as the baseline for municipal delivery, monitoring and also guided the budget priorities.

Each category of the budget has been outlined in the budget schedules and required by National Treasury. It should be noted that currently, the Operational Budget is in balanced noting that this includes funded depreciation of R30,1 million and Debt impairment of 32,1 million.

These budget line items have been causing the municipality to incur unauthorised expenditure in the past and council has managed to avoid by making necessary provision on this tabled budget.

Honourable Speaker; we have been encouraged by National Treasury (NT) to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality.

An increase of 6% (per cent) is proposed to be effected on Rates Tariffs; 6.22% (per cent increase) is proposed for electricity tariffs as per guideline by NERSA, Refuse and other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of 4.5 % (per cent).

The NERSA document proposes an increase of 6.22 per cent guideline increase for municipal electricity tariffs for 2020/2021. This is based on a bulk tariff increase for municipalities of 6.9% (per cent). The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. At the collection rate of 55% (per cent) as the municipality will always closely monitor its performance in this regard. Our revenue enhancement strategy is currently being reviewed so as to improve revenue collection of the municipality.

Interest on Outstanding have been increased from R15.9 million to R16.9 million for 2020/21; increase of 6% (per cent) is based on the level of outstanding debtors as the large bulk of debt is due to Ingonyama Trust Board and residents.

Debt Collection initiatives are being done so as to encourage consumers to settle their debts, however interest is still to be charged on outstanding debt. The Municipality in the past has been charging a fixed rate of 10% interest on outstanding debt, but such in consideration of the impact of Covid-19 has since been reduced to 2% per cent.

The decreased in grants allocation such as Municipal Infrastructure Grants (decreased by R153 thousand) and INEP which has a decreased of R3,5 million, is evident that that economy of the country is deteriorating and there is a need of growing the economy faster and in a sustainable manner. This decrease in Infrastructure grants allocation has a negative impact on service delivery with all other Infrastructure Projects that were under implementation when the lockdown kicked in affected severely hence the delays. Besides the Lockdown, we have noted some delays in other projects which at some points were stopped by local businesses and communities, I call upon all of us to continuously engage on issues affecting us without necessarily affecting projects as it is evident that the municipality depends on grants to implement most of its Infrastructure Projects.

This will further strengthen the monitoring and evaluation of performance by contractors where poor performance by Contractors should be dealt with separately without being clouded with work stoppages which exposes the municipality to standing time claims by contractors which results on fruitless expenditures being incurred by the Municipality.

Hon Speaker and Council, the Municipality in preparing this Budget 2020/21 Financial year considered the following grants to be received from National and Provincial Government:

- Equitable Share allocation is R181,3 million which has been increased by R13,9 million.
- MIG allocation is R35,1 million which has been decreased by R219 thousand.
- EPWP allocation is R2.3 million which has been reduced by R153 thousand.
- Library Grant allocation of R4,0 million increased by R161 thousand
- Tittle Deeds from Human Settlement R407 thousand is allocated and this grant was last received in 2018/19 financial year an allocation of R2,2mil
- INEP allocation is R6,0 million which has decreased by R3,5 million

The municipality having considered all grants and its revenue streams have put together a total operating revenue which is appropriated at R312 million for 2020/21 Financial Year which presents an increase by 6.7% (per cent) or R19,6 million when compared to the 2019/2020 Adjustment Budget.

Total operating expenditure for the 2020/2021 financial year has been appropriated at R309 million and translates into a surplus budget of R3,0 million. Operational expenditure has decreased by 0,6% (per cent) in the 2020/2021 budget and by 5.7% and 4.1% (per cents) for each of the respective outer years of the MTREF. These figures have been reduced due to the implementation of cost cutting measures and re-direct funds to capital projects

The operating surplus for the two outer years steadily increases by R20,2 million. The municipality has reprioritized its operational expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds. Again, we are stressing out further the cost containment measures that must be employed by all the members of Council and employees in this budget going forward.

We are urged by National Treasury to exercise caution when we preparing and compiling 2020/21 MTREF budgets to ensure synergy with national economic and fiscal prudence. The issue of Cost Cutting exercise remains as a big measure to be implemented and re-direct funds to service delivery projects which are sustainable

Hon Speaker and Council, the municipality has put together a total capital budget of R59 million for 2020/2021 which reflects an increase by 22.67% (per cent) when compared to the 2019/2020 Special Adjustment Budget. The capital programme decreases to R41.0 million 2022/2023 financial year and R38,0 million for 2022/2023. It be noted that the municipality will funding capital projects to the value of R21,5 million from its savings and this is a clear demonstration that the municipality continues to maintain a positive cash flow.

Hon Speaker and Council, while on Capital Budget, let me indicate that in the recent past, the municipality had embarked on the implementation of a number of priority projects like Ward 13 Community Hall, Inyoni Phase 4 Civil works and Street Lights Projects which have been affected by different challenges ranging from land disputes, Water Use License and vandalism and thefts.

It is important to state that these projects remain a priority, however the municipality will not be in a position to proceed with implementation until additional funding is secured for Ward 13 Community Hall of which we are still engaging Cogta on that aspect and in terms of Inyoni Phase 4 Civil works, the municipality with the support from the Department of Human Settlements is still engaging with the National Department of Water and Sanitation to expedite the approval process of Water Use Licence.

Hon Speaker and Council, it be noted that the employee and Councillors related cost of the municipality is currently sitting at 40% norm, which has been considered when preparing this financial year's Annual Budget 2020/21. Of course, we must put more effort to ensure that such cost is kept lower than 40% norm in order to ensure that more budget is directed towards service delivery, hence we must remain lean on staff compliment but effective on our approach through maximisation of existing capacity.

Emanating from the overview of the breakdown of the 2020/2021 budget that I have just highlighted above, the IDP priority projects and programmes for 2020/2021 financial year are as summarised below as follow:

The Municipality has set aside a total amount of **R21.8 million** for Operations and Maintenance Programmes of which amongst others it includes the maintenance of Gravel and tarred roads and storm water, maintenance of Municipal Yellow Plants machinery, Electrification Maintenance, Waste Collection and Parks and Gardens as well as Disaster Management.

The Municipality has allocated a total budget of **R1.8 million for** Youth related Programmes and this allocation excludes grant funding from Department of Arts and Culture where other Youth programmes are funded from and of course there are other initiatives by other Municipal Business Units to cater for Youth.

The Municipality has allocated a budget of **R2.5 million** for LED Programmes to Support Local SMMEs.

The Municipality has allocated a budget of **R8 million** for the construction of Drivers Licence and Testing Centre in Ward 3 and this project is already at tender stage to appoint a suitable contractor.

The Municipality has allocated at total budget of **R1.3 million** towards improvement of roads safety measures where speed humps will be constructed and new guard rails will be installed in various Municipal Wards.

The Municipality has allocated at total budget of **R2.5 million** towards purchase of new Tipper Truck which will enhance the capacity to maintain rural roads as we know that the majority of our roads are gravel.

The Municipality is still continuing with the implementation of electrification projects as we are currently doing electricity at Nkwalini and Nkuzempunga and Ikhenana Area under the 2019/20 budget allocation. The Municipality has set aside **R6 million** from INEP Grant for electrification of households under Khenana Phase 4 in Ward 10 and Okhovothi and Hlanzeni Area in Ward 7, 12 and 15 and this amount is inclusive of Professional services costs.

Hon Speaker and Council, the impact of Covid-19 has had serious negative impact on the progress on construction hence slow progress and less expenditure on Municipal Infrastructure Grant. This has resulted in more funds from MIG grant meant for 2020/21 Financial Year being re-committed to those projects that were meant to be implemented under 2019/20 Financial year, hence some capital projects as listed below may be seen as a repetition. The Municipality has allocated the budget to the following project:

- Upgrade and Improvement of Nembe Road (Ward 12, 13, 14 and 15) which is under implementation: **R7.7 million**
- Construction of Swimming Pool in Ward 15 which is at Tender Stage to appoint Contractor: **R4.9 million**
- Upgrade of Link Road Masomonce/ Nembe Road which has been re-advertised to appoint contractor: R4.4 million
- Upgrade of Link Road Amajuba and Road 116-contractor appointed and project at commencement stage: R3.1 million
- Upgrade of Link Road Shayamoya and Amajuba-contractor appointed and project at commencement stage: R3 million
- Construction of Sportsfield at Enembe Ward 5 which is at Tender Stage to appoint Contractor: R6.4 million
- Commencement with Planning and Design for Hlomendlini Sportsfield in Ward 4: R0.5 million
- Commencement with Rehabilitation (planning and implementation) of Access Roads in Ward 3 Kwatas Area: R1.5 million

Hon Speaker and Council, the municipality during the preparation of its 2020/21 Budget, also took into consideration of the projects and programmes to be implemented within Mandeni by Various Sector Departments. The Department of Human Settlements has set aside a budget of **R71 million** under 2020/21 Financial Year which will be utilised towards construction of RDP houses on the following projects:

- Inyoni Urban Housing (Wards 3, 7, 10, 11, 12, 13, 14, 15, 16, 17 and 18 beneficiaries) allocated R21.2 mil and 50 houses to be constructed.
- Macambini Housing Rural (Wards 1,2,8 and 9) allocated R25.4 mil and 190 houses.
- Isithebe Rural Housing (Wards 11, 12, 16, 17 and 18) allocated R25.2 mil for 190 houses.

Also, Hon Speaker and Council, we are aware that the Provincial Department of Transport will be investing over R100 million in Mandeni under 2020/21 Financial Year where the key project will be the rehabilitation and resurfacing of R102 Road from Tugela Bridge to Gingindlovu.

Hon Speaker and Council, it is worth mentioning that the municipal Budget to be approved is funded and this IDP echoes the sentiments of this council which are to facilitate and ensure speedy service delivery and addressing the poverty pandemic through job creation focusing on a simplified and outcome-based implementation of strategies to ensure a better quality of life for the citizens of Mandeni. All the above-listed infrastructure projects should create not only jobs opportunities but opportunities for SMMEs as well while the lived of the people being enhanced.

It is therefor my pleasure to present to Council for the adoption of the total Municipal mSCOA Budget of R368 million for 2020/21 Financial Year which is consist of R309 million Operational Budget and R59 million for Capital Budget. Of course I have just outlined the summary of the Budget and IDP above, detailed documents are available on rescilio and will be further made public after adoption by Council.

Honourable Speaker, we have accepted and embraced the Thuma Mina and Khawuleza model hence ,we are boldly saying to our people:

- Thuma Mina to fight poverty;
- Thuma Mina to create jobs;
- Thuma Mina to provide proper shelter;
- Thuma Mina to provide quality health care, roads and basic services; and
- Thuma Mina to provide quality education at all levels from early childhood development to tertiary institutions

Indeed, as we fight the spread of this invisible enemy (Corona Virus), we will continue to work together with all stakeholders including Amakhosi Asendlunkulu, Government Sector Departments, NGOs, FBOs, NPOs, Business Community and Community of Mandeni at large, Sizoyinqoba i-Corona ngokubambisana. I am asking you to remain united and Stay home, stay safe.

In Conclusion:

Hon Speaker and Council, I therefore recommend for the adoption of Municipal Final Integrated Development Plan Review for 2020/21 as per recommendations from page **15 to 16** of our Agenda as well as for the Adoption of the Municipal Final mSCOA Annual Budget for 2020/21 Financial Year as per recommendations from page 11 to 12 of our Agenda.

I thank you all.

CLLR TP MDLALOSE

THE MAYOR